

sented *by* four thousand shares of 3000 Hvres each. Some of the most eminent public men and financiers of Paris served on the board of directors of the bank, and while they were not directly responsible for its management,¹ its note issues were kept within prudent limits and annual dividends were declared for the first six years, ranging from five to eight per cent.

The first blow to the bank's credit came from the demands of the government. The growing social and economic difficulties of France were brought to a climax by the bad crops of 1783 and caused a great scarcity of metallic money. The new bank, after having considerably expanded its commercial discounts, made an advance to the government at the demand of D'Ormesson, of 6,000,000 livres. It was brought face to face with the crisis with a circulation of 45,000,000 livres and with a cash reserve of but little more than 4,000,000. There was a sudden rush for the redemption of the notes and the bank appealed to the Treasury to reimburse the 6,000,000 livres recently loaned. The government was in no condition to comply with this demand, but it was ready to employ its sovereign power to enable the bank to suspend specie payments and to authorize the redemption of bills in commercial paper or their non-payment until January 1, 1784, (Decree of September 27, 1783). The bank was solvent, however, and had the courageous support of the private bankers of Paris, who held a large proportion of its bills. A report presented by the lieutenant of police, M. Le Noir, showed that the bills in circulation, amounting to 44,724,000 livres, were offset by 47,700,000 livres in good commercial paper, 4,121,700 livres in gold and silver coin and bullion, and 6,000,000 livres held *by* the Treasury,

¹ The bank really constituted a partnership *en commandite*, for which a few individuals were legally responsible, and the use of the names of leading financiers as directors was somewhat akin to the modern fraud of paying men of high station for the use of their names to float irresponsible enterprises ; but the practice in this case appears to have grown out of the lack of experience with stock companies and to have involved no intentional deception.